

**WELLPINIT SCHOOL DISTRICT No. 49**  
**Stevens County, Washington**  
**September 1, 1992 Through August 31, 1993**

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**Schedule Of Findings**

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1. Controls Over Enrollment Reporting Should Be Improved

The district does not have an adequate internal control system to ensure that only eligible students are included on the Form P-223H Handicapped Enrollment Report submitted to the Superintendent of Public Instruction (SPI). Our review of enrollment reporting showed that 15 of 47 students included on the December 1992 Form P-223H were ineligible.

WAC 392-171 defines the criteria which must be met in order for a student to be included on the Form P-223H report.

This problem occurred due to a break down of communication between the district's special education staff and district administration.

Each student claimed on the Form P-223H Enrollment Reports are used by SPI as a basis for increased funding. The Enrollment Reports are an integral part of the state funding formula for school districts. If these reports are not submitted accurately, SPI cannot distribute basic and special education funds in accordance with legislative intent and requirements.

We recommend that the district review all of the files for students to be counted on the Form P-223H Enrollment Report to ensure that they comply with all of the applicable requirements. We also recommend that the district contact SPI to determine the amount of money, if any, due them.

2. Controls Over Staff Mix Reporting Should Be Improved

The district does not have adequate procedures to monitor or verify staff mix reporting. Our review of staff mix reporting showed four of seven certificated personnel files selected for testing did not have adequate supporting documentation for the levels of education as reported to SPI. In addition, two of seven certificated personnel files selected for testing did not have adequate supporting documentation for the number of years of experience reported.

WAC 392-121-280 states in part:

School districts shall have documentation on file and available for review which substantiates each certificated employee's placement on the state-wide salary allocation schedule . . . .

The district's management was not aware that they were not complying totally with the requirements.

Certificated personnel's years of experience and levels of education are combined to create staff mix factors. Staff mix factors are an integral part of the state funding formula for school districts. If these factors are not accurately reported, SPI cannot distribute basic education funds in accordance with legislative intent and requirements.

We recommend the district review all certificated files to verify college credits and experience. We also recommend the district develop procedures to annually review selected certificated files to verify college credits and experience. We further recommend that the district contact SPI to determine if the reporting errors effected the district's basic education funding.

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**Schedule Of Federal Findings**

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1. Payroll Charges Should Be Distributed As Documented In Time Distribution Records

Time distribution records indicated that one employee worked half her time on the handicapped program and half her time on general education. However, all of her time was charged to the Impact Aid Public Law 81-874 (PL-874) federal funding.

OMB Circular A-87, Attachment B, paragraph B(10), states in part:

Payroll must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or cost objective will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort . . . .

The district's management was unaware that incorrect charges were being made to the Impact Aid PL-874 handicapped funds.

By not distributing the costs correctly the district used federal funds to supplant general education. Because the district failed to distribute charges as documented in the time distribution records, we question \$28,207.76 in grant costs in the accompanying Schedule of Questioned Costs.

We recommend that the district monitor time distribution records to ensure that the charges are being correctly applied.

2. The District Should Claim Only Eligible Students On Its Public Law 81-874 Impact Aid Application

The district claimed more students than were eligible in its fiscal year 1992-93 Public Law 81-874 Impact Aid application to the U.S. Department of Education (DOE). During a review of the number of students reported as handicapped (SPED) students, we found that of the 43 students claimed, 15 should not have been claimed. The district overcounted 1 student and 14 students were ineligible.

The *Code of Federal Regulations* Chapter 34 CFR 222.72 requires that the local education authority (LEA) have in effect a written individualized education program (IEP) for each federally connected handicapped student claimed on the application.

This situation occurred due to a break down of communication between the district's special education staff and the district's comptroller.

Each student claimed as a SPED student is used by DOE as a basis for increased funding. By inaccurately reporting these students as SPED the district received funding which it was not entitled to receive. This error resulted in the district receiving \$21,819.85 in additional funding for the fiscal year 1993-94, which is included in the accompanying Schedule of Questioned Costs.

We again recommend that the district strengthen the grant review process and initiate controls to assure accurate preparation of Public Law 81-874 Impact Aid application.